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Annual review of the financial situation, 2007

Report of the Administrator

Summary

UNDP continued to receive funds from multiple sources in 2007. Total income (contributions, interest and other income) in 2007 was $5.63 billion. In nominal terms, total contributions increased by 8 per cent, from $4.79 billion in 2006 to $5.19 billion in 2007. In real terms, when adjusted for the impact of inflation and exchange rate effects, total contributions in 2007 were $4.86 billion ($4.56 billion in 2006). UNDP operated under its multi-year funding framework (MYFF) from 2004 to 2007 inclusive. In 2007 UNDP met the established MYFF target of $1.1 billion in nominal terms for regular resources, prior to the introduction of the strategic plan, 2008 to 2011. However, similar to the previous year, contributions in 2007 to regular resources ($1.12 billion) and other resources ($3.92 billion) remain imbalanced.

Overall UNDP expenditure in 2007 remained at $4.77 billion, as it was in 2006. Expenditure under regular resources increased by 7 per cent, to $965 million in 2007 as compared to $903 million in 2006.

UNDP is committed to supporting United Nations reform initiatives, providing essential administrative support to the United Nations system. This role is reflected in the significant resources that UNDP administers on behalf of the United Nations system, which was $1.08 billion in 2006 and $1.91 billion in 2007. These resources, which do not constitute UNDP income, were administered by UNDP primarily in connection with joint programmes, multi-donor trust funds and administrative agent activities. In addition, UNDP delivered $33 million in 2007 for programme support to the resident coordinator system.

In accordance with General Assembly resolution 60/283, UNDP plans to the adopt International Public Sector Accounting Standards (IPSAS) in 2010. Fifty-three national governments have adopted, or are in the process of adopting, IPSAS. One of the key benefits to UNDP of operating under IPSAS is increased harmonization of accounting policies across the United Nations system, contributing to greater transparency and accountability.

Elements of a decision

The Executive Board may wish: (a) to take note of documents DP/2008/39 and DP/2008/39/Add.1; (b) as stated in the strategic plan, 2008-2011, approved by the Executive Board in its decision 2007/32, to encourage all Member States to support UNDP in reaching the resource targets set out in the plan and to commit, as early as possible, their contributions to UNDP regular resources for the years 2008 and onwards, if possible through multi-year pledges; and (c) to recognize the importance of funding predictability, since the timeliness of payments of contributions is essential to avoid liquidity constraints in regular resources.

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I. Introduction

1. The present report provides an overview of the financial position of UNDP at the end of 2007 and the comparative figures for the year 2006. The analyses of UNDP activities at the aggregate level are followed by analyses of regular resources, other resources (broken down by source), and the funds established by the General Assembly. Annex 1 reflects an overview of the aggregate figures and annex 2 contains the definitions of the terms contained herein.

II. UNDP overall

2. The present chapter provides the financial picture of UNDP operational activities at the aggregate level and the resultant unexpended balances. In addition, table 1 of the addendum to the present report (DP/2008/39/Add.1) continues with a summary of all activities undertaken by UNDP.

3. Total income recorded in 2007 was $5.63 billion. Total income is comprised of contributions, interest and other income. Total contributions, in nominal terms, were $5.19 billion, increased by 9 per cent from the 2006 level of $4.75 billion. In real terms, the overall contributions in 2007 were $4.86 billion, a 7 per cent increase from $4.56 billion in 2006. The definition of real value adjustment can be found in annex 2.

4. While overall contributions were $5.19 billion in nominal value ($4.86 billion in real value), regular resources contributions registered $1.12 billion in nominal terms ($1.02 billion in real terms), covering 21.6 per cent of overall contributions (21.0 per cent in real terms). Other resources contributions reached $3.92 billion nominally ($3.70 billion in real terms), representing 75.5 per cent of total receipts in 2007 (76.1 per cent in real terms). Funds established by the General Assembly – the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM) – accounted for $0.15 billion in nominal terms ($0.14 billion in real terms), or 2.9 per cent of overall contributions (2.9 per cent in real terms).

5. The integrated financial resources framework of the strategic plan, approved by the Executive Board in its decision 2007/32, shows that UNDP resource projections for the period 2008-2011 amount to $20.6 billion, or an average of $5.15 billion a year, ranging from $5 billion in 2008 to $5.3 billion in 2011.

6. Overall expenditure was $4.77 billion, and the aggregate programme expenditure (including funds administered by UNDP, $96 million) was $3.97 billion, a 2 per cent decline from 2006 expenditure of $4.06 billion. Other expenditure in 2007 was $0.77 billion ($0.72 billion in 2006). A total of $3.42 billion (84 per cent) of the programme expenditure pertained to other resources, including funds administered by UNDP, while 16 per cent ($0.55 billion) was financed from regular resources of UNDP. In terms of programme expenditure by practice area, poverty and governance continue to be the areas of largest country demand for UNDP support. Those two areas accounted for 73 per cent of total expenditure spent in UNDP practice areas ($3.2 billion) and 60 per cent of aggregate programme expenditure ($4.0 billion).

7. The balance of unexpended resources at the end of 2007 was $4.5 billion ($3.7 billion in 2006). The balance of unexpended resources comprised $0.4 billion under regular resources, $4.0 billion under other resources and $0.1 billion under the funds established by the General Assembly. (The breakdown of unexpended resources under other resources is shown in table 3 of DP/2008/39/Add.1.) A total of $2.3 billion, or 44 per cent of 2007 contributions,

were received in the last quarter of 2007. The unexpended resources are fully programmed and committed for development and management projects.

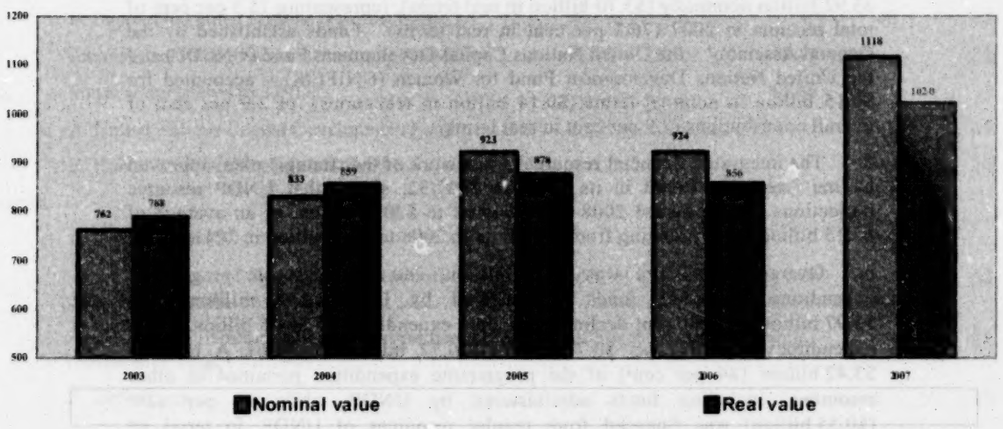
III. Regular resources

8. Compared to 2006, total income in nominal terms, inclusive of interest income and other income, increased by 21 per cent from $939 million to $1.14 billion. In real terms, total income increased by 21 per cent (from $870 million to $1.05 billion). Total 2007 expenditure increased by 7 per cent, from $903 million to $965 million. The available resource balance, exclusive of operational reserves, increased to $377 million in 2007, from $244 million in 2006.

A. Income

9. As shown in figure 1 below, contributions to regular resources received during 2007, before the application of the accounting linkage adjustment to the biennial support budget (transfer of contributions to cover shortfalls in government local office contributions and reimbursement of tax charges), totalled $1.12 billion in nominal terms ($1.02 billion in real terms). Net contributions of $1.11 billion in nominal terms ($1.01 billion in real terms) were mobilized in regular resources (exclusive of interest and other income) in 2007.

Figure 1. Overall regular resources contributions: five-year trend, 2003-2007
(in millions of dollars)



10. Regular resources contributions expressed in nominal terms increased 21 per cent from $0.92 billion in 2006 to $1.12 billion in 2007. When adjusted for inflation and the performance of the dollar versus other currencies, contributions increased 8.8 per cent. Minimizing exchange rate exposure, while mobilizing an adequate and predictable level of regular resources, continues to be an important focus of UNDP.

11. As shown in table 1, below, contributions from the top 30 donors increased by 21 per cent, to $1.11 billion in nominal terms, and by 19 per cent, to $1.01 billion, in real value.

Table 1. Regular resources contributions of top 30 donors, 2006-2007
(in millions of dollars)

Donor	*Nominal value of regular resources*			*Real value of regular resources*		
	2006	*2007*	*% change*	*2006*	*2007*	*% change*
Norway	108	132	22	99	117	18
Netherlands	114	125	10	103	113	10
Sweden	109	120	10	96	106	10
United Kingdom	91	110	21	84	100	19
United States of America [1]	105	107	2	102	103	1
Japan	75	75	0	73	73	0
Denmark	61	70	15	57	61	7
Spain	9	61	-	9	55	-
Canada	50	57	14	47	49	4
Germany	34	46	35	31	42	35
Switzerland	42	43	2	39	41	5
France	31	36	16	28	34	21
Ireland	20	30	50	19	28	47
Italy	-	23	-	-	21	-
Finland	19	21	11	18	20	11
Belgium	18	18	-	16	16	-
Australia	5	7	40	5	6	20
Austria	5	6	20	5	6	20
New Zealand	5	6	20	5	5	-
India	4	4	-	4	4	-
China	3	3	-	3	3	-
Luxembourg	2	2	-	2	2	-
Portugal	2	2	-	2	2	-
Kuwait	-	2	-	-	2	-
Saudi Arabia [2]	2	-	-	2	-	
Russian Federation	-	1	-	-	1	-
Mexico	1	1	-	1	1	-
Turkey	-	1	-	1	1	-
Thailand	1	1	-	1	1	-
Republic of Korea [2]	1	-	-	1	-	-
Total of top 30 donors	**917**	**1110**	**21**	**853**	**1013**	**19**
Others	**7**	**8**	**14**	**3**	**7**	-
Total resources	**924**	**1118**	**21**	**856**	**1020**	**19**

Source: DP/2008/24

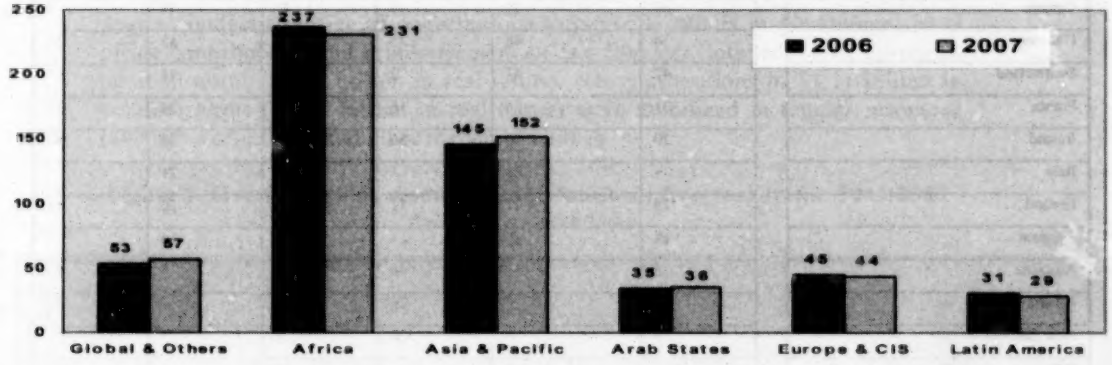
1 Prior to tax adjustments.
2.2007 contributions of $2 million (Saudi Arabia) and $1 million (Republic of Korea) recorded in January 2008.

12. Compared to 2006, regular resource contributions from programme countries increased from $17.4 million to $17.8 million in nominal terms (2 per cent) and remained at $17.0 million in real terms.

B. Expenditure

13. Total 2007 expenditure under regular resources increased by 7 per cent to $965 million as compared to $903 million in 2006. Programme expenditure, including programme support to the resident coordinator system, increased by 1 per cent, from $546 million in 2006 to $549 million in 2007. Programme expenditure by region is shown in figure 2. Other expenditure or non-programme expenditure, including the biennial support budget (forming the majority of this expenditure), increased by 16 per cent from $357 million in 2006 to $416 million in 2007.

Figure 2. Regular resources programme expenditure by region, 2006-2007
(in millions of dollars)



Biennial support budget

14. The net biennial support budget expenditure in 2007 ($340 million) increased in nominal terms by approximately 16 per cent when compared to the year 2006 ($294 million). That increase is attributable mainly to the decline in the value of the dollar against other foreign currencies, combined with the impact of inflation. By appropriation group, 54 per cent of the expenditure in 2007 was spent on programme support activities, 21 per cent on management and administration; 25 per cent on support to operational activities of the United Nations system, including UNCDF. In total, 64 per cent of expenditure relates to country offices, with the remaining 36 per cent attributed to headquarters locations, including the United Nations Volunteers (UNV) programme, and the Inter-Agency Procurement Services Office (IAPSO).

15. Government contributions towards local office costs (GLOC) represent an important source of income (cash and/or in-kind) to UNDP by helping to defray biennial support budget costs. They also represent an acknowledgement by host governments of the value they place on the UNDP country office presence. The value placed on 2007 GLOC in-kind contributions remained at approximately the same level as in 2006, $10.3 million. GLOC cash contributions for 2007 increased by $2.0 million (10 per cent) over 2006 levels to $22.4 million. Nevertheless, table 11 of DP/2008/39/Add.1 reflects large 2007 GLOC cash shortfalls totalling

$19.6 million ($18.5 million in 2006), which place a strain on overall budgetary resources and directly reduce the ability of UNDP to adequately fund the operational capacities of its global country office network. Accordingly, UNDP strongly urges host governments to increase their 2008 GLOC cash contributions in line with established targets.

Other expenditure

16. In comparison with 2006, 'other expenditures' increased by $12.5 million to $64.2 million in 2007. Of that amount, $7.5 million was due to higher losses on revaluation of currencies and exchange rate fluctuations. It also includes a reduction of miscellaneous expenditure of $4.4 million and an increase of $8 million to the provision for after-service health insurance (ASHI).

17. An independent consulting actuary was engaged to carry out a valuation of post-retirement health insurance benefits as of 31 December 2007. On the basis of that study, the actuarial report shows that the accrued liability estimate was $466.2 million as at 31 December 2007. That represents an increase of $59.3 million from the $406.9 million estimate in the previous actuarial report of 31 December 2005. UNDP is funding the ASHI liability from regular and other resources, which has resulted in an ASHI reserve of $268.0 million as at 31 December 2007. The unfunded liability as at 31 December 2007 is $198.2 million, which represents the difference between the accrued liability of $466.2 million and the ASHI reserve of $268.0 million.

18. Consistent with prior years, the full ASHI liability was disclosed in a note to the financial statements. When IPSAS is implemented in 2010, the full amount of the ASHI liability will be shown (funded plus unfunded) as a liability in the Statement of Financial Position. The ASHI investment, on the other hand, will show only the portion that is funded.

C. Balance of unexpended resources

19. The balance of unexpended regular resources at the end of 2007 was $377 million, which represented 8.6 per cent of the overall balance of unexpended resources. Based on total expenditure of $965 million during the year, the UNDP liquidity position at the end of 2007 represented approximately four and a half months of working capital, a slight increase from the previous year. UNDP did not draw from its operational reserve in 2007. A prudent level of liquidity for UNDP regular resources would be the equivalent of expenditure for three to six months, implying a total liquidity between $241 million and $482 million at current expenditure levels, respectively.

20. In accordance with Executive Board decision 99/9, the formula for the calculation of the level of the UNDP regular resource operational reserve was amended on the basis of documents DP/1999/5/Rev.1 and DP/1999/CRP.9/Rev.1. Based on the final income and expenditure data for the year 2007, the operational reserve will be adjusted upwards to a new level of $208 million, from $192 million, and the resulting $16 million will be transferred from the general resources of UNDP.

IV. Other resources

21. Components in the other resources category include bilateral donors, non-bilateral/multilateral sources, local resources received from programme countries, and other sources. Overall income of other resources increased by $245 million (6 per cent), from $4.085 billion in 2006 to $4.330 billion in 2007 (an increase of $205 million, or 5 per cent, from $3.906 billion to $4.111 billion in real terms).

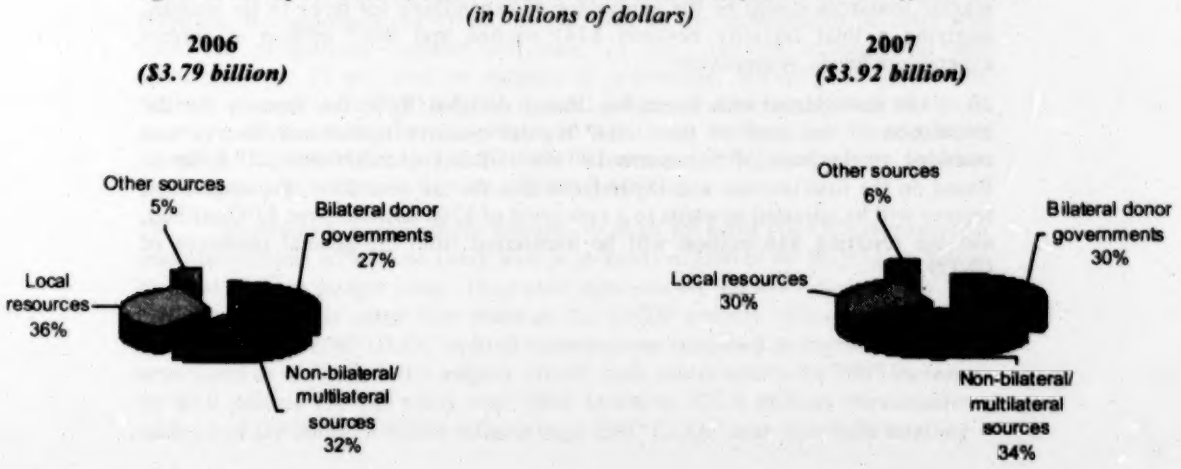
22. Overall expenditure of other resources was $3.70 billion, a 2 per cent decrease from $3.79 billion in 2006. The balance of unexpended other resources at the end of 2007 was $4.0 billion (an increase of 18 per cent from $3.4 billion at the end of 2006), or 88 per cent of the overall balance of unexpended resources. The unexpended resources are fully programmed and committed for development and management projects and will be used for future years' delivery in countries and regions.

23. The other resources category of contributions in nominal terms received in 2007, net of interest and other income, totalled $3.92 billion (an increase of 3 per cent from $3.79 billion in 2006), whereas in real terms they totalled $3.70 billion (an increase of 2 per cent from $3.62 billion in 2006). Comparison of other resources contributions between 2006 and 2007 by funding source is given in table 2 below and the composition of 2007 other resources contributions by source, in nominal terms, is presented in figure 3.

Table 2. Comparison of contributions by funding source, 2006-2007
(in millions of dollars)

Funding source	*Nominal value of other resources*			*Real value of other resources*		
	2006	*2007*	*% change*	*2006*	*2007*	*% change*
Bilateral donor governments	1.03	1.18	15%	0.97	1.09	12%
Non-bilateral/multilateral sources	1.20	1.32	10%	1.15	1.25	9%
Local resources	1.36	1.18	(13%)	1.32	1.13	(14%)
Other sources	0.20	0.24	20%	0.18	0.23	28%
Total	3.79	3.92	3%	3.62	3.70	2%

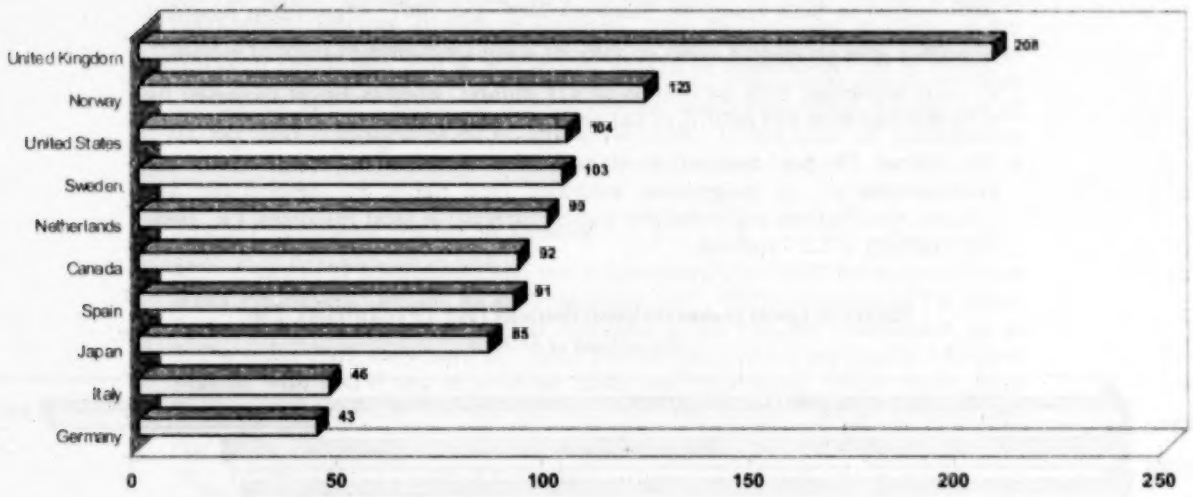
Figure 3. Composition of other resources contributions (nominal value), 2006-2007
(in billions of dollars)



A. Bilateral donors

24. Other resources contributions received from bilateral donors recorded an increase of 15 per cent, from $1.03 billion in 2006 to $1.18 billion in 2007. Figure 4 represents the top 10 bilateral donors that contributed to other resources in 2007.

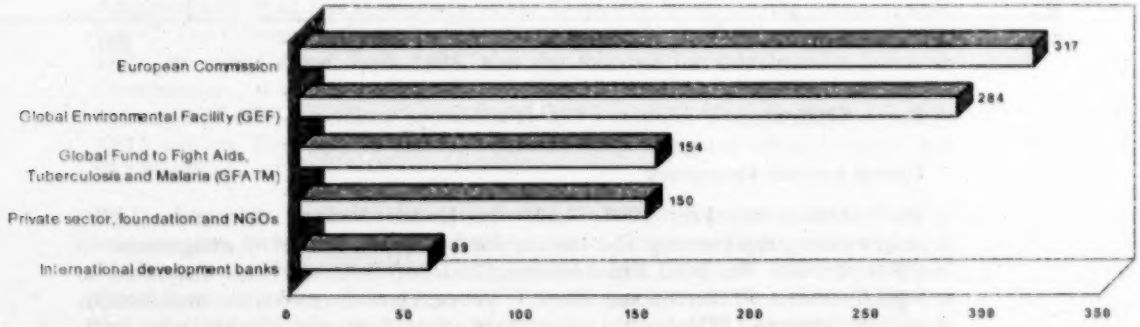
Figure 4. Other resources contributions, top ten bilateral donors, 2007
(in millions of dollars)



B. Non-bilateral/multilateral sources

25. Other resources entrusted to UNDP from non-bilateral/multilateral sources have increased to $1.32 billion in 2007 (a 10 per cent increase, compared to $1.2 billion in 2006). Figure 5 represents the top 5 non-bilateral/multilateral sources that contributed to other donor resources in 2007.

Figure 5. Other resources contributions, top five non-bilateral/multilateral sources, 2007
(in millions of dollars)



26. A number of United Nations organizations also contributed to these resources: the United Nations system, (United Nations organizations, excluding the three mentioned below), contributed $89 million: the United Nations Development Group (UNDG) Trust Fund, $49 million; the Joint United Nations Programme on

HIV/AIDS (UNAIDS), $29 million; and the United Nations Office of Humanitarian Affairs, $24 million.

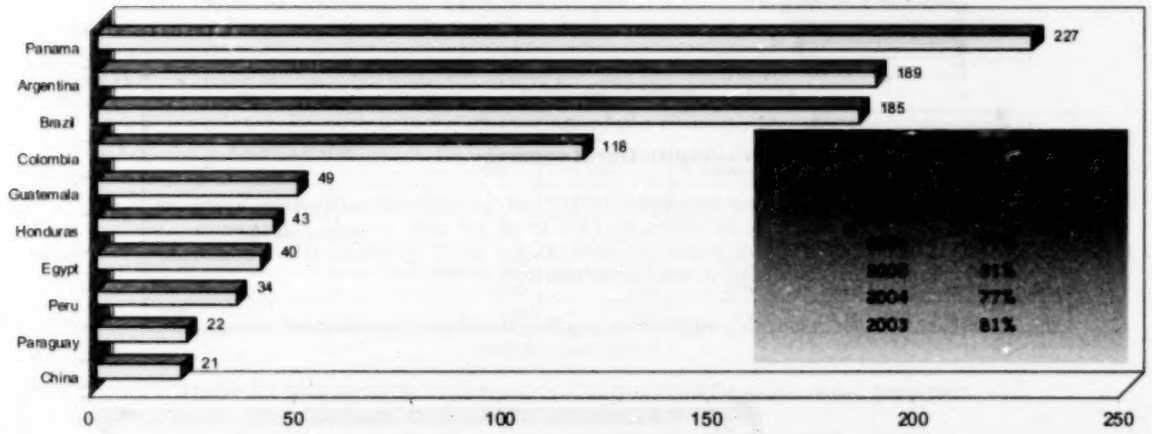
C. Local resources (governments)

27. Contributions from local resources represented 30 per cent of total other resources contributions received in 2007. That pool of resources decreased by 13 per cent, from $1.36 billion in 2006 to $1.18 billion in 2007. In recent years, countries from regions other than Latin America and the Caribbean increased their participation in local resources. Between 2006 and 2007, Afghanistan recorded substantial growth in local resources contributions (initially provided by various donors to the Government of Afghanistan, which in turn contributed those funds as local resources) from $4 million to $21 million, whereas Egypt increased its contributions from $29 million to $41 million.

28. About 78 per cent of local resources contributions came from the Governments of 10 programme countries (see figure 6). Among the top 10 countries, Panama registered the highest increase in local resources, i.e., from $187 million to $227 million.

Figure 6. Local resources contributions (top 10 countries), 2007

(in millions of dollars)



D. Others

United Nations Volunteers

29. During the year 2007, 7,521 the United Nations Volunteers (UNV) programme – representing 162 nationalities – carried out 7,766 assignments in 139 countries. The total financial magnitude of their activities amounted to $192.5 million. Of that amount, some 11 per cent was covered from contributions that are made to UNV directly (special voluntary fund, cost-sharing, trust funds and full-funding arrangements), whereas the rest was covered by direct charges to programmes of the United Nations and other United Nations agencies, funds and programmes, including UNDP.

30. The 2007 income relating to the special voluntary fund, cost-sharing, trust funds and full-funding arrangements (exclusive of joint ventures) was $21.8 million, or

$1.8 million higher compared to the $20.0 million received in 2006. Total programme expenditure in 2007 was $21.3 million, or $2.4 million higher than the 2006 expenditure of $19.1 million. Those figures exclude $ 171.1 million, which is the financial equivalent of UNV activities that are financed directly by the United Nations itself, including the Department of Peacekeeping Operations and United Nations agencies, funds and programmes, including UNDP.

Management services agreements

31. In 2007, donors doubled their contributions to $246 million towards management services agreement activities, from $123 million in 2006, owing mainly to local contributions made by Peru in 2007, amounting to $ 118 million. Total income available for programme activities under management services agreements in 2007, including interest income, was $256 million, an increase of 91 per cent compared to $134 million in 2006. Distribution of management services agreement expenditure by country and region is shown in table 13 in DP/2008/39/Add.1.

Junior Professional Officer programme

32. A total of 22 governments have active agreements with UNDP for the provision of Junior Professional Officers. As at 31 December 2007, UNDP administered 266 Junior Professional Officers and 10 Special Assistants to the Resident Coordinator. As at 31 December 2007, there were 162 Junior Professional Officers and Special Assistants working with UNDP and its affiliated funds and programmes. UNDP administered 114 Junior Professional Officers on behalf of other United Nations agencies and partners.

33. UNDP received a total of $38 million in contributions to the Junior Professional Officers programme in 2007. The total expenditure, including support costs, incurred during 2007 was $33.3 million. The resource balance available at the end of 2007 was $22.6 million, an increase from $17.9 million in 2006 and $14.4 million in 2005.

Reserve for field accommodation

34. UNDP Financial Regulations and Rules, article 25, regulation 25.05, governs the establishment of reserves. A total of $25 million was made available to finance a "fully funded Reserve for Field Accommodation, for housing of internationally recruited, UNDP-financed field personnel and, exceptionally, for office accommodation. The terms and conditions under which the Administrator may agree to such loans shall be established by the Executive Board. The Administrator shall report annually to the Executive Board on the status of such loans". The Governing Council established the reserve for field accommodation in 1979; its initial name, until 1988, was the Reserve for Construction Loans to Governments, with an authorized level of $25 million. Combined assets for housing and office premises amounted to $35.1 million, whereas liabilities were $12.2 million. Total reserve and fund balance for housing and office premises was $22.9 million.

35. An initial provision for asset write-down, based on the best estimate of management of the reserve for field accommodation assets impairment, as at 31 December 1997, was set up in the amount $14.1 million. With the disposal through sale of some of the properties over the years, and consequent charges to the provision and adjustments, the current balance as at 31 December 2007 was $9.6 million.

Inter-Agency Procurement Services Office

36. Effective 1st January 2008, UNDP and UNOPS moved forward with the merger of certain procurement functions from IAPSO into UNOPS. UNOPS took over the

IAPSO transactional procurement systems and services, while UNDP retains the more strategic procurement function for its newly created and strengthened Procurement Support Office within the Bureau of Management. Total IAPSO income in 2007 was $55 million ($93million in 2006).

Programme support to the resident coordinator system

37. The resident coordinator system represents and advocates the respective mandate of programme countries in their development agendas. The resident coordinator system also reflects national policies and priorities and addresses the local development situation. Overall expenditure for the programme support to the resident coordinator system in 2007 was $33 million, an 18 per cent increase compared to $28 million in 2006. In 2007, the resident coordinator office capacity was strengthened to help United Nations country teams in their support of key post-crisis recovery goals.

V. United Nations reform and support to other United Nations organizations

38. UNDP plays a vital role in United Nations reform and support of other United Nations organizations. Based on the available data, the value of fund flows for joint programmes and support to other United Nations organizations totalled $1.08 billion in 2006 and $1.91 billion in 2007. That figure reflects the total resources that flow through UNDP, which are recorded in the balance sheet, but not recorded as income in the financial statements. In addition, UNDP delivered $33 million in 2007 ($28 million in 2006) for programme support to the resident coordinator system.

A. Joint programmes and UNDP administrative agent activities

39. UNDP supports joint programming activities in many ways, including its role as administrative agent. The total value of funds received by UNDP for joint programmes increased over cent per cent from $617 million in 2006 to $1.34 billion in 2007. Those figures included $695 million for the Spain Millennium Development Goal Achievement Fund, newly established in 2007. Funds received for UNDP in its capacity as administrative agent were $599 million ($607 million in 2006). The value of administrative agent funds transferred back to UNDP for UNDP programmes was $239 million ($68 million in 2006). Total value of funds received as pooled funding for the development activities relating to eight joint offices remained at $2 million in 2007.

B. Support to United Nations organizations

40. UNDP country offices provide operational support to other United Nations organizations. The funds for those services are recorded in agency services clearing accounts. In 2007, the value of fund flows towards support to other United Nations organizations, consisting of agency services clearing accounts ($515 million) and the United Nations Office on Drugs and Crime ($49 million) was $564 million, a 21 per cent increase over 2006 ($466 million).

VI. International Public Sector Accounting Standards

41. In accordance with General Assembly resolution 60/283, UNDP plans to adopt International Public Sector Accounting Standards (IPSAS) in 2010,

internationally recognized standards which 53 national governments have adopted, or are in the process of adopting, IPSAS. UNDP has collaborated regularly with other United Nations organizations to harmonize IPSAS policies, Atlas system changes and change management implications. Sixteen IPSAS policies will have a significant impact on UNDP, 13 of which have been approved through the United Nations system harmonization effort. UNDP ascribes the utmost importance to this initiative.

42. One of the key benefits to UNDP of operating under IPSAS is increased harmonization of accounting policies across the United Nations system, contributing to greater transparency and accountability. IPSAS also stipulates practices such as the recording of expenditure based on the receipt of goods and services, which is consistent with results-based management. That change could cause delivery to appear to reduce during the first year of IPSAS adoption, to increase in the second year of IPSAS adoption, and to stabilize thereafter. The introduction of IPSAS will also result in the recording and depreciation of management assets over their useful life in the financial statements.

43. Further, ASHI and other end-of-service staff liabilities will be recorded under IPSAS and may result in regular resources showing a negative reserve and fund balance in UNDP financial statements. However, UNDP is already funding a portion of those liabilities, and based on current methodology the ASHI liability as at December 2007 is estimated to be $466.2 million, of which $268.0 million is funded.

VII. Funds administered by UNDP

44. Table 5(a) in the addendum to the present report (DP/2008/39/Add.1) provides detailed data for the two funds administered by UNDP.

A. United Nations Capital Development Fund

45. In 2007, UNCDF fully achieved its targeted programmatic results and objective of geographical expansion (see DP/2008/33). UNDP contributed $9.6 million towards the UNCDF biennium support budget for years 2006-2007. A total of $1.9 million was passed to UNCDF, where UNDP acted in its capacity as administrative agent, to support joint programming. UNCDF remained focused on its investment mandate, making capital grants totalling $12 million, which represented 43 per cent of total programme expenditure in 2007. Contributions to regular resources grew by 12 per cent from $13.9 million in 2006 to $15.6 million, as a result of increased contributions from existing donors as well as from new donors. Growth in contributions to other resources was significant, by 59 per cent, from $8.1 million to $12.9 million. Regular resources expenditures for UNCDF programme activities in the least developed countries increased from $16.8 million in 2006 to $19.0 million. Other resources expenditures that accounted for one third of total programme expenditures also increased. The level of operational reserves was at $22.6 million, the same level as 2006. Accordingly, UNCDF was able to accomplish the development, management and financial results while sustaining its liquidity and financial soundness.

B. United Nations Development Fund for Women

46. In its final year of the MYFF for 2004-2007, the resources of UNIFEM for supporting gender equality and women's human rights reached an organizational high of $118.3 million compared to $57.6 million in 2006, an increase of 105 per cent, or $60.7 million. The total actual resources in the MYFF period was $278.7 million, far exceeding the planned amount of $169.3 million. Significantly, UNIFEM regular resources increased by 75 per cent, continuing an upward trend from two previous years and rising from $25.0 million in 2006 to $43.8 million in 2007. The UNIFEM-managed United Nations Trust Fund to End Violence against Women also attracted new donors and increased contributions, setting a new record high at $16 million. Overall programme expenditure increased by 39 per cent from $47.9 million in 2006 to $66.8 million in 2007. Balance of unexpended resources increased by $46.8 million to $97.7 million. The level of the operational reserve increased by $5.2 million to $14.1 million at the end of 2007. The UNIFEM Consultative Committee, at its forty-fourth session, encouraged current and future donors to devote a greater share of their contributions to regular resources and make commitments to multi-year funding in order to deliver development results.

Annex 1
UNDP overview

A. Statement of income and expenditure for the year ended 31 December 2007, with comparative figures for 2006

(in thousands of dollars)

	Regular resources			Other resources			Funds			Total		
	2007	2006	+/-	2007	2006	+/-	2007	2006	+/-	2007	2006	+/-
Income												
Contributions	1 118 987	923 769	21%	3 921 243	3 789 847	3%	146 798	79 557	85%	5 187 028	4 793 173	8%
Transfer to biennial support budget	(10 780)	(7 492)	(44%)	-	-	-	-	-	-	(10 780)	(7 492)	(44%)
Net contributions	1 108 207	916 277	21%	3 921 243	3 789 847	3%	146 798	79 557	85%	5 176 248	4 785 681	8%
Interest income	12 370	9 290	33%	167 169	144 278	16%	5 748	4 780	20%	185 287	158 348	17%
Other income: net	19 458	13 185	48%	242 256	150 668	6%	10 627	6 140	73%	272 341	169 993	6%
Total income	1 140 033	938 752	21%	4 330 668	4 084 793	6%	163 173	90 477	80%	5 633 876	5 114 022	10%
Expenditure												
Programme	536 662	532 619	1%	3 318 986	3 443 384	(4%)	95 555	73 586	30%	3 951 198	4 049 591	(2%)
Programme support – implementing agents	-	-	-	10 608	9 938	7%	-	-	-	10 608	9 940	7%
Programme support to resident coordinator	12 721	12 960	(2%)	19 942	15 137	32%	-	-	-	32 663	28 097	16%
Development support services	6 255	6 146	2%	5 340	5 441	(2%)	-	-	-	11 595	11 587	-
UNDP economist programme	5 225	5 655	(8%)	-	-	-	-	-	-	5 225	5 655	(8%)
Biennial support budget: net[a/]	339 810	294 262	15%	346 886	312 631	11%	12 214	10 017	22%	698 910	616 930	13%
Other expenditure	64 151	51 747	24%	178	3 213	(94%)	3	6	(50%)	64 332	54 966	17%
Total expenditure	964 824	903 389	7%	3 701 940	3 789 764	(2%)	107 772	83 609	29%	4 774 536	4 776 762	-
Excess (shortfall) of income over expenditure	175 211	35 363	-	628 728	295 029	-	55 401	6 868	-	859 340	337 260	-
Savings on obligations of prior biennium	(76)	-	-	(29)	(119)	76%	-	-	-	(105)	(119)	13%
Transfers from (to) reserves	(11 000)	(12 000)	8%	(8 000)	(11 000)	27%	(5 200)	(1 200)	-	(24 200)	(24 200)	-
Refunds to donors and transfers from (to) other funds	(31 583)	(16 416)	(92%)	(61)	(12 454)	-	(80)	(296)	73%	(31 724)	(29 166)	(7%)
Balance of unexpended resources, 1 January	244 457	237 510	3%	3 385 801	3 114 345	9%	88 907	83 535	6%	3 719 165	3 435 390	8%
Balance of unexpended resources, 31 December	377 009	244 457	54%	4 006 439	3 385 801	18%	139 029	88 907	56%	4 522 476	3 719 165	22%

Source: Table 1(a), DP/2008/39/Add.1.

[a/] Includes country office administrative charge.

B. Assets, liabilities and reserves and fund balances as at 31 December 2007, with comparative figures for 2006

(in thousands of dollars)

	Regular resources			Other resources			Funds			Total		
	2007	2006	+/-	2007	2006	+/-	2007	2006	+/-	2007	2006	+/-
Assets												
Cash	1 119 543	34 266	-	25 296	17 856	40%	4 959	1 707	-	1 149 798	53 829	-
Government letters of credit	-	1 348	-	55 377	119 195	(54%)	-	-	-	55 377	120 543	(54%)
Investments held for												
Operational reserve	192 000	181 000	6%	-	-	-	-	-	-	192 000	181 000	6%
Regular resources	668 494	317 233	-	490 923	448 655	9%	189 266	110 891	71%	1 348 683	876 779	54%
Other	4 034 965	3 294 860	22%	-	-	-	-	-	-	4 034 964	3 294 860	22%
Subtotal investments	4 895 459	3 793 093	29%	490 923	448 655	9%	189 266	110 891	7%	5 575 647	4 352 639	28%
Total cash, letters of credit and investments	**6 015 002**	**3 828 707**	**57%**	**571 596**	**585 706**	**(2%)**	**194 225**	**112 598**	**69%**	**6 780 822**	**4 527 011**	**50%**
Advances from Governments and executing agencies	29 627	54 399	45%	149 509	122 161	22%	819	474	82%	179 955	177 034	2%
Accounts receivable and deferred charges	186 553	175 452	6%	3 849 152	3 201 012	20%	6 467	12 028	(33%)	4 042 172	3 388 492	19%
Accrued interest	46 288	38 714	20%	46 867	37 996	23%	2 298	2 262	2%	95 453	78 972	21%
Long-term accounts receivable	-	-	-	350	349	-	-	-	-	350	349	-
Special capitalized assets	1 570	-	-	33 982	34 087	-	-	-	-	35 552	34 087	4%
Reserve for field accommodation activities	-	1 570	-	806	806	-	-	-	-	806	2 376	(66%)
Total assets	**6 279 040**	**4 098 842**	**53%**	**4 652 262**	**3 982 117**	**17%**	**203 809**	**127 362**	**60%**	**11 135 111**	**8 208 321**	**36%**
Liabilities												
Advances to Governments and executing agencies	1 748	23 690	-	33 016	42 286	(22%)	849	1 541	(45%)	35 613	67 517	(47%)
Unliquidated obligations	51 233	49 107	4%	247 498	200 131	24%	4 250	2 920	46%	302 981	252 158	20%
Accounts payable	123 095	178 061	(31%)	150 067	137 694	9%	22 982	2 494	-	296 144	318 249	(7%)
Due to other resources	3 814 208	3 171 296	20%	70 489	78 829	(11%)	-	-	-	3 884 697	3 250 125	20%
Other liabilities	1 718 177	249 661	-	20 753	21 376	(3%)	-	-	-	1 738 930	271 037	-
Total liabilities	**5 708 461**	**3 671 815**	**55%**	**521 823**	**480 316**	**9%**	**28 081**	**6 955**	**-**	**6 258 365**	**4 159 086**	**50%**
Reserves and fund balances												
Operational reserve	192 000	181 000	6%	96 000	88 000	9%	36 700	31 500	17%	324 700	300 500	8%
Endowment fund	-	-	-	3 000	3 000	-	-	-	-	3 000	3 000	-
Reserve for field accommodation authorized level	-	-	-	25 000	25 000	-	-	-	-	25 000	25 000	-
Special capital resources	1 570	1 570	-	-	-	-	-	-	-	1 570	1 570	-
Balance of unexpended resources	377 009	244 457	54%	4 006 439	3 385 801	18%	139 028	88 907	56%	4 522 476	3 719 165	22%
Balance of unexpended resources and special capital resources	378 579	246 027	54%	4 006 439	3 385 801	18%	139 028	88 907	56%	4 524 046	3 720 735	22%
Total reserves and balance of unexpended resources	**570 579**	**427 027**	**34%**	**4 130 439**	**3 501 801**	**18%**	**175 728**	**120 407**	**46%**	**4 876 746**	**4 049 235**	**20%**

Annex 2
Definitions

Total income: sum of contributions (net of transfer to biennial support budget), interest income and other income (net).

Contributions: resources entrusted to UNDP by Member States of the United Nations and other entities. Contributions are used to cover UNDP programme activities as well as programme support, management and administration, and support to operational activities of the United Nations, including costs associated with the administration of contributions received for special purposes.

Other income: sum of Department of Support Service of the Secretariat contribution for Field Security Offices through the United Nations Security Coordinator budget, income from support and common services, income from procurement activities, miscellaneous income and exchange gain.

Overall UNDP expenditure: expenditure comprising programme expenditure, programme support costs, programme support to resident coordinator, and other expenditure-development support services, UNDP economist programme, biennial support budget (net) and general operating expenses.

Regular resources: the resources of UNDP that are co-mingled and untied. They include pledges of voluntary contributions, contributions from governmental, intergovernmental or non-governmental sources and related interest earnings and miscellaneous income.

Other resources: the resources of UNDP, other than regular resources, that are received for a specific programme purpose, consistent with the policies, aims and activities of UNDP and for the provision of management and other support services to third parties. Under this category fall cost sharing and trust funds established by the Administrator. For presentation purposes, bilateral donors, non-bilateral/multilateral sources, local resources, joint programmes and support to other United Nations organizations, the United Nations Volunteers programme, management services agreements, the Junior Professional Officer programme and the reserve for field accommodation are included in this category.

Biennial support budget: the budget of an organization covering programme support and management and administration of the organization.

Funds administered by UNDP: funds established by the General Assembly and administered by UNDP.

Bilateral donors: other resources received from 22 members of the Development Assistance Committee of the Organization for Economic Cooperation for Development.

Non-bilateral/multilateral sources: other resources received from all multilateral organizations, such as regional development banks, international financial institutions, United Nations organizations and the private sector.

Local resources: other resources received from programme countries.

Government contributions to local office cost (GLOC): contributions in the form of cash, or by provision in kind of specific goods, services and facilities that the host Government makes towards the expenses of maintaining the UNDP country office.

Joint programmes: the collective effort through which United Nations organizations and national partners work together to prepare, implement, monitor and evaluate the activities aimed at effectively and efficiently achieving the Millennium Development Goals and other international commitments arising from United Nations conferences, summits, conventions and human rights instruments.

Real value: quarterly average exchange rate of the previous year and the standard inflation rate are applied to the nominal value.

Standard inflation rate: average of estimated rates for UNDP headquarters (based on the basket of United States of America, Japan, Denmark, Germany, Switzerland and Belgium) and country offices for the years 2005 and 2006.

Assets: (a) cash and investments – the main liquid assets of UNDP; (b) *other assets, net of liabilities* – supplement investments to/from the balance of unexpended resources and include advances to executing agents and to other United Nations organizations.

Unliquidated obligations and other payables: expenditures that have been incurred but yet to be disbursed.

International Public Sector Accounting Standards (IPSAS): high-quality, independently developed accounting standards considered as the best accounting practice by public sector organizations. IPSAS have been developed for not-for-profit public sector organizations and they are the only international accounting standards applicable to public sector and other not-for-profit organizations. They require accounting on a 'full-accruals' basis, which is considered best accounting practice by international organizations for the public as well as the private sector. IPSAS include detailed requirements and guidance.